1991-92 was characterised by a higher rate of growth in gross fixed assets, long-term borrowings, sales (net of excise) and value added. Profitability indicators such as profit margins (gross profits to sales ratio) and return on capital employed improved in 1991-92. As interest payments grew at a faster rate in 1991-92 there was only a marginal increase in the rate of growth of profits before tax. However, there was a slow down in the growth of net profits. Dividend policies were more conservative as many of the sampled companies ploughed back a higher portion of their net profits. The gross fixed assets grew at a high rate and the dependence on external sources of funds increased, with long term borrowings from financial institutions being the primary source of funds. The private corporate sector, as indicated by the sample, thereby showed robust tendencies in 1991-92.

Since the findings of the study are based on a sample of just 384 companies, the results of the study are not necessarily representative of the actual performance of the industrial sector. The Government is, however, conscious of the fact that industrial production grew marginally in 1991-92 and has taken several measures to improve the investment climate and to increase the growth of industrial production. Such measures include :

(i) improved access to imported raw-materials under the Liberalised Exchange Rate Management System (LERMS);

(ii) substantial reduction in the negative list of imports;

(iii) lowering of the ceiling rate of tariffs from 150% to 110%

(iv) introduction of an export promotion capital goods scheme where capital goods can be imported at 15% tariff against export commitment;

(v) interest rate reduction on bank advances of over Rs. 2 lakh to 18% (minimum) and across-the-board reduction in interest rates on export credit;

(vi) reduction in the Statutory Liquidity Ration and removal of incremental Cash Reserve Ratio for commercial banks, thereby increasing the availability of commercial credit;

(vii) Liberalisation of capital market and abolition of control on capital issues;

(viii) Opening of hydrocarbon and power sectors to private investment; and

(ix) restructuring of taxation on capital gains, abolition of double taxation on partnership firms and exemption of shares/debentures from wealth tax.

(d) and (e) It has further been reported by ICICI that in spite of decline in production, overall profitability of certain industry groups such as electrical equipments, rubber products and machinery manufacture has improved, due predominatly to an increase in price realisation.

Annual profits of Air India, Indian Airlines and Vayudoot

*206. SHRI ANANTRAY DEVESHANKER DAVE : Will the Minister of CIVIL AVIATION AND TOURISM be pleased to refer to the answer to Unstarred Question 26 given in the Rajya Sabha on 24th November, 1992 and state :

(a) whether any impact has been felt on the earnings of Air India, Indian Airlines and Vayudoot in view of the latest hike in Air Travel Fare (A.T.F.) by Government;

(b) whether in view of the latest hike in ATF, Government foresees any fall in the number of foreign and Indian travellers in Indian Airlines, Air India and the Vayudoot; and

(c) what is Government's reaction thereto ?

THE MINISTER OF CIVIL AVIATION AND TOURISM (SHRI MADHAV RAO SCINDIA) : (a) There has been no perceptible impact on the revenue of the

three airlines as a result of the hike in air fare.

(b) No, Sir.

(c) Does not arise.

Provision for seat belts for babies

*207. SHRI VIREN J. SHAH : Will the Minister of CIVIL AVIATION AND TOURISM be pleased to state :

(a) whether it is a fact that there is no provision of seat belts for babies in the parent's lap while travelling in Air India aircraft;

(b) whether Government are aware that the non-provision of such seat belts is very risky;

(c) whether it is a fact that most of the other airlines including the ones smaller than Air India carry such seat belts for children;

(d) if so, what steps Government have taken to provide seat belts for children in Air India aircraft; and

(e) what are the IATA Regulations in this regard ?

THE MINISTER OF CIVIL AVIATION AND TOURISM (SHRI MADHAVRAO SCINDIA) : (a) to (e) Air India follows the regulations of International Air Transport Association and Federal Aviation Agency which provide for allocation of a separate seat and seat belts for every person on board, whose age is not less than two years. Non-provision of seat belts for infants below two years does not constitute a risk, as the adult occupying the seat provided with safety belt is required to hold the child during takeoff and landing whenever the "fasten seat belt" sign is on.

Adverse effect of growing debt burden

*208. SHRI B. K. HARIPRASAD : Will the Minister of FINANCE be pleased to state :

(a) whether it is a fact that India's growing debt burden is hindering capital inflow from foreign sources to the power projects sector, as reported in the Economic Times of the 23rd October, 1992;

(b) whether Government are aware of a study report issued by the US Commerce Department stating that India faced long term challenges resulting from rapidly expanding debt liabilities and whether, as contained in the report, as much as 27 per cent of our total budget is used to cover interests on national debt;

(c) what measures Government propose to take to stem this debt rise and increase its foreign exchange earning through exports; and

(d) whether Government would ensure that India does not fall into the debt trap ?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI RAMESHWAR THAKUR) : (a) No, Sir.

(b) Yes, Sir, Government is aware of the study report issued by the US Commerce Department. The interest on National debt is 26.9 per cent of our total budget in 1992-93 (BE).

(c) and (d) Government is conscious about the country's external debt liability and keeps a constant watch on the level of country's indebtedness and likely burden of debt servicing. While contracting foreign loans, it is always kept in view that the debt burden and the debt servicing liability of the country does not exceed the capacity of the economy to service such loans. Government has already introduced a programme of economic reforms aimed at short-term stabilisation combined aimed longer-term restructuring. These reforms would improve the economic condition of the country and revitalise our growth process including our export earning capacity, enhance our capacity to repay the loans and to ensure that this debt servicing burden does not exceed the capacity of the economy to service such loan.